FARM LOSSES

The two-year carryback period for net operating losses was eliminated, ***except*** for farmers.

We will evaluate if we think this option is best for you.

DEPRECIATION

Purchases now have expanded availability for write-offs under several provisions:

- **Section 179-** A taxpayer can now write-off up to $1 million of many fixed asset purchases in the year of acquisition, subject to a phaseout that starts when capital expenditures exceed $2.5 million.
- **Bonus Depreciation-** In addition to section 179, bonus depreciation has been expanded to allow 100% write-off of qualified acquisitions, new and used.
- **Asset Lives-** New (not used) farm equipment with same exceptions can be depreciated over shorter lives

PASS-THROUGH DEDUCTION

Taxpayers who own a sole proprietorship and other pass-through entities may be allowed a deduction of up to 20% of the businesses income. The deduction will vary depending on eligibility, limitations, phaseouts and thresholds. This deduction does not require W-2 wages as it's predecessor had. However, there is potential that other limitations need to be considered for higher income farmers.

While the deduction is targeted at pass-through entities,not all businesses operating in these forms will qualify. The taxable income limitation is based on the taxpayer's (not the pass-through business) overall taxable income.

DOMESTIC PRODUCTION ACTIVITIES DEDUCTION

As it pertains to cooperatives and their patrons, they are essentially in the same place as they were before the new tax law. A version of the old 9% Domestic Production Activities Deduction (DPAD) still exists and can be used for co-op or pass-through patrons.